

CALIFORNIA HIGH-SPEED RAIL AUTHORITY MEETING MINUTES

January 21, 1998

Marina Beach Marriott, Marina Del Rey, California

Authority Members:

Dr. Ernest Bates

Jerry B. Epstein

Dean R. Florez

John P. Fowler

Edward P. Graveline

Edward G. Jordan

Mehdi Morshed

T.J. (Tom) Stapleton

Michael E. Tennenbaum

OPENING REMARKS

Chairman Jordan called the meeting to order and he welcomed his fellow Authority members and the audience. The Chairman gave an overview of some of the past Commission work and commented on the enormous task ahead for the Authority. He stated the Authority was meeting for the next two days to raise their sense of consciousness and knowledge to a level in which they all share so they can make the decisions about how to successfully achieve voter approval in the year 2000.

Chairman Jordan welcomed Senator Jim Costa from the Central Valley. The Chair stated that Senator Costa has been a proponent of passenger rail in the state of California for more than a decade. Senator Costa was a co-author of the legislation along with Senator Quentin Kopp that put the Authority in place. Chairman Jordan invited him to say a few words.

COMMENTS FROM SENATOR COSTA

Senator Costa thanked Chairman Jordan. The Senator remarked that both he and Senator Kopp have been advocates in bringing about high-speed rail in California. Senator Costa stated that HSR has the potential to have the same economic stimulus in the 21st century as the state water project had in the 1960's. "That dramatically changed the economic and social conditions of California." Senator Costa went on to state the legislature is here to help. "I think those of us in the legislature who have the vision of what California's future must contain if we are going to continue to be a leader, not only in the nation but in the world in technologies, in advancements of our economy, we have to solve our transportation problems, we have to have boldness and vision to look at how we handle the state with 50-million people in it. We have got 32-million people today and unfortunately too many of my colleagues, too many of the decision makers came to California only to look forward to the next election." He stated that in the next 24-months we (the legislature and the Authority) should try to work with the different and difficult issues that the Authority will be confronted with to figure out how to finance this effort. "The financing obviously, is a key."

Senator Costa added "We should not be here and try to somehow allude the public into thinking that this can be done simply by the private sector because it can not in my view. Nor can it be done simply by the public sector. That is a false policy to pursue as well. But, trying to find the proper mixture between the public and the private partnership that we need to create if we are going to be successful is, I think, one of the keys of the work of this commission."

The Senator stated the Authority needs to work with the air transportation system and the roadway system in

partnership. "I think that we should not try to design these as separate things of thinking that it is an intermodal concept of what we are trying to develop in the 21st century. And frankly, you are probably the catalyst."

In closing Senator Costa stated that in 24 months he hopes that the Authority can present a plan that can go to the voters of California. "I would suggest to you that the elements of the recipe of the following.....first of all we happen to have a governor, I think, in California in the year 2000 that is willing to invest his or her political capital and fully embrace it, just as we had in the early 60's when we had a governor and legislature that were willing to invest in the state water project and our statement adversity system as well as our freeway system.

So, we have got to try to insure our republican friends who are here and my democratic friends that are here that whoever your supporting this year that you would educate them on the importance of this issue and whoever ultimately is successful that they be willing to do what it takes to get behind this when you finish your work project. The last thing is, I would like to see as a group, what product that you put together and then no-one willing to take the hand off of the ball and pursue it forward. The second part we have less control over and that is that we have to have economic conditions as we are currently experiencing a very special program of the voters of California and ask them to support something of this magnitude regardless of how we divide the financing between the public and the private sector. Hopefully our timing will be good. Finally, the third piece of the recipe, I think is your work part. And that is why I am here today. I know that you have made some decisions in the November meeting, elected a chair person who I have the utmost respect for, and a vice-chairperson who comes from my area, who I know is very competent and capable."

Chairman Jordan thank Senator Costa for his comments and was pleased he was able to attend the Authority meeting and encouraged the Senator to participate in the meeting.

NOVEMBER 13,1997 - MEETING MINUTE APPROVAL

Chairman Jordan moved to approve the November 13, 1997 meeting minutes. Member Tennenbaum pointed out that there were some typographical errors. The Chair stated they would be corrected and asked for a second. Member Epstein seconded and the and the minutes were unanimously approved.

DATES & LOCATIONS OF NEXT MEETINGS

The Chair went on to discuss the next meeting dates and locations. Based on staff research the only firm date, where all of the members could attend, was March 19, 1998. There was some discussion on the location of the meeting and a unanimous agreement was reached to meet in Sacramento. The Chair discussed the May meeting dates. The date was originally set for May 28th, however Member Tennenbaum had a conflict on that date, Chairman Jordan stated that they would set the May meeting date at the next meeting of the Authority.

ADMINISTRATIVE ISSUES

The Interim Executive Director (Dan Leavitt) presented to the Authority members policies regarding the compensation of the members for the business of the Authority. It was determined that the California Transportation Commission (CTC) reimburses the Commissioners for the meetings, conference calls and public appearances for the commission but does not reimburse the Commissioners for the meeting preparation time. Chairman Jordan moved the Authority adopt the same reimbursement policy as the CTC. The motion was seconded and unanimously approved.

Mr. Leavitt introduced Carrie Pourvahidi, who is currently on loan to the Authority to assist the Authority during this start-up period.

REPORT FROM THE FEDERAL RAILROAD ADMINISTRATION

JAMES T. MCQUEEN, FEDERAL RAILROAD ADMINISTRATION

Mr. McQueen reported on the federal perspective of the California High-Speed Rail initiative. He commented that the California's HSR project has great potential due to several factors. One being the public/private partnership financing of the project. Mr. McQueen went on to discuss FRA studies, ISTEA and FRA's commitment to HSR. The Authority did not have any questions for Mr. McQueen. Mr. McQueen's presentation material is available upon request.

REPORT ON FLORIDA OVERLAND EXPRESS

CHARLIE SMITH, FLORIDA DEPARTMENT OF TRANSPORTATION

Mr. Smith reported on Florida's investment in the Florida Overland Express (FOX). He discussed the alignment of the route, the public/private partnership agreement FDOT has and the procurement process. He also commented on the current project costs, and the funding sources for the construction and operating phases. He went on to discuss what FOX and FDOT's timeline for the project. He concluded his presentation summarizing the results of the numerous studies that were conducted on various transportation issues. Mr. Smith's presentation material is available upon request.

REPORT FROM HIGH-SPEED GROUND TRANSPORTATION

MARK DYSART, HSGTA AND DANIEL STEEN, REED, SMITH, SHAW & MCCLAY

Mr. Dysart reported High Speed Ground Transportation Program. He presented a brief overview of HSGTA, and discussed the HSGT technologies. He concluded by discussing the commercial feasibility study of HSGT. Mr. Dysart's presentation material is available upon request.

Mr. Steen presented an overview of the federal high-rail progress. He discussed former legislation, such as ISTEA, and went on to discuss the ISTEA reauthorization. Mr. Steen reported on key legislation, such as the Transportation Infrastructure Finance and Innovation Act (TIFIA), Maglev Transportation Technology Deployment Act and the High-Speed Rail Corridor Development Act. Mr. Steen's presentation material is available upon request.

CAMBRIDGE SYSTEMATICS, INC.

STEVE PICKRELL, VICE PRESIDENT

Mr. Pickrell made a presentation on Cambridge Systematics workplan. He stated the plan is a three-fold process. First, the Consultants and the Authority members will work together to review relevant issues and facts. Second, the Authority must begin to strategize on how to achieve its statutory mandate. Finally, the Authority must organize itself. Mr. Pickrell concluded that he would be contacting the members to set-up time to discuss these issues with them. The Authority did not have any questions for Mr. Pickrell.

PUBLIC OUTREACH PRESENTATIONS

CONSENSUS PLANNING GROUP, INC.

LOU SCHACHTER

Mr. Schachter reviewed the work that CPG had done for the past Commission. He went on to discuss what he thinks needs to be done for the Public Outreach Program. Mr. Schachter's presentation materials are available upon request.

ADVOCATION, INC., MARK WATTS

NELSON COMMUNICATION GROUP, DONNA LUCAS

Mark Watts and Donna Lucas presented their ideas of the what the public outreach program should be

targeting. Mr. Watts and Ms. Lucas's presentation materials are available upon request.

TOWNSEND RAIMUNDO BESLER & USHER

MAX BESLER

Mr. Besler made his presentation on his firm's idea of the public outreach program. Mr. Besler's presentation is available upon request.

BURSON - MARSTELLER, LANCE TARRANCE

CORDOBA CORPORATION, JOHN DYER

Lance Tarrance and John Dyer presented their ideas on the goals of the public outreach program. Mr. Tarrance and Mr. Dyer's presentation material is available upon request.

HDR ENGINEERING, INC.

TOM JONES

Mr. Jones discussed the failure and the success of a ballot initiative in Washington state, focusing on the lessons learned. Mr. Jones' presentation material is available upon request.

PUBLIC COMMENT

PUBLIC AFFAIRS MANAGEMENT

BEN STRUMWASSER

Mr. Strumwasser presented his firm's ideas on conducting the public outreach program. Mr. Strumwasser's presentation material is available upon request.

HILL AND KNOWLTON

RON HARTWIG

Mr. Hartwig presented his firm's ideas on conducting the public outreach program. Mr. Hartwig's presentation material is available upon request.

PAUL LOVEDAY

JEFFERSON PACIFIC

Mr. Loveday presented his firm's ideas on conducting the public outreach program. Mr. Loveday's presentation is available upon request.

WAYNE SWAN ASSOCIATES

WAYNE SWAN

Mr. Swan addressed the Authority regarding a new technology for high-speed rail. Mr. Swan's presentation material is available upon request.

Seeing no other comment, the Chair adjourned the meeting until January 22 at 9:00 a.m..

CALIFORNIA HIGH-SPEED RAIL AUTHORITY MEETING MINUTES

January 22, 1998

Marina Beach Marriott, Marina Del Rey, California

OPENING REMARKS

Chairman Jordan opened the second day by suggesting to the members that they have a “tutorial” session of at least one day to review the work of the past Commission, to be held prior to the March 19th meeting. There was a consensus by the members, and Chairman Jordan asked the Interim Executive Director to plan for such a meeting.

PRESENTATION ON THE NORTHEAST CORRIDOR HIGH-SPEED RAIL

DAVE CAROL, AMTRAK

Mr. Carol reported that the northeast corridor right now is under construction, it will be the nation's first true high speed rail corridor. He said, they approached this project a number of years ago really in the late eighties through a coalition of state governments that saw transportation as critical to the future economic stability and growth of the northeast corridor, the northeastern states. They went about it really with a three-pronged attack. First they decided they needed to identify the trip time and frequency that would be needed to make the service profitable from an operating perspective and to meet the demand. Second, they worked very closely with the Federal Railroad Administration to identify other users of the rail line and to ensure that they could use their existing rail line to upgrade to achieve their objectives as well the capacity needs of the other railroads. And finally, as owner of the railroad they went through and identified the infrastructure improvements that were essential to achieve the trip time objectives that they were seeking. “It's critical from our perspective to start with the trip time and frequency objectives. In the northeast corridor we're competing against the shuttle. Our goal from a public policy point of view and from a marketing point of view was to try to get the shorter distance passengers out of the airports and onto a train. Three hours was deemed to be critical -- downtown Manhattan to downtown Washington, from all of our marketing and analysis that we've done that really was the critical threshold for getting the traveler to consider the move, from our perspective, beneficial rail alternative.” According to Mr. Carol, they determined that their trip time and frequency objectives could be met on the existing rail line. He said that electrification is important if you're going to go more than 125 miles an hour. Also the tilting was a critical issue for them. “Tilting generates about ten minutes of trip time savings between New York and Boston, and it was cheaper to add the tilt to the trains and to try to get ten minutes out of the railroad through the infrastructure side. If you've got a lot of curves the tilting really becomes very critical.”

He said they start with the advantage that in the northeast corridor Amtrak owns much of it. The rail line is about 460 miles long. The critical importance of trip time is demonstrated here. Between New York and Washington they carry about 8 million passengers. Between New York and Boston they carry 2 million. New York/Boston is actually a larger business travel market than the New York/Washington market. And what drives them, almost exclusively, is trip time. “Four and a half hours between New York and Boston. It's three hours between New York and Washington. We are the mode of choice between New York and Washington vis a vis air; we carry more passengers than either of the two shuttles. And New York/Boston, there are few business travelers or premium fare travelers that are going to get on a train that takes four and a half hours to get to New York.”

Mr. Carol said they are finally completing the electrification system on the northeast corridor between New

Haven and Boston. On the infrastructure side they've essentially rebuilt the rail line between New Haven and Boston with new ties, new rails. They've modified curves wherever possible to get higher speed through curves but remain on Amtrak property. They basically had designed the railroad to accommodate a 2010 to 2020 traffic level with no additional improvements.

The new trains, because of tilt, because of their higher speed actually account for about 20 minutes of our trip time savings, and right now they're looking at anywhere from \$20 million to \$30 million a minute to get additional trip time savings on the rail line, so the 20 minutes they save with new train sets is a significant benefit.

Part of their contract was to require the manufacturer to maintain the equipment. "We had a ten-year agreement with manufacturers to maintain the trains. They will manage Amtrak employees in three different facilities that they also got to design and build. The end result is really two-fold. One, because they're responsible for the maintenance they're less likely to sell us a lemon, so to speak. And two, it ensures that frankly the manufacturer really can't walk away. They are from the beginning realizing in the manufacturing phase that they have to maintain this thing for ten years. It's led to specific changes in the design of the train and the equipment put on the train to ensure that they can maximize their profits on the operating side. And it really has been a very important step."

According to Mr. Carol Amtrak is designing the high-speed rail service for the business traveler. "There will be plugs at every seat, you can use your phone. There'll be thirty tables distributed throughout the train. We're basically trying to market this as an office on wheels, and we expect it to be highly successful on that approach. We're looking at about three and a half million ridership growth by 2002 over the entire corridor. A big chunk of that happens between New York and Boston, but there's also massive markets for us in New Haven to New York, New Haven to Philadelphia, where there simply is no real air alternative, and if we can get these trip times down we can really have a big market there."

"In terms of growth, this will generate a profit. And it's a rare thing for Amtrak to ever admit and say, but profit is good, and we will be generating a significant profit. Basically we're seeing a 40% growth in revenue by 2002. We're currently generating about \$500 million in revenue and we're expecting it to top \$800 million, about \$180 million net from the high speed rail program. Our feeling is that this is conservative because it is solely based on trip time, fare and frequency modeling. There is a shiny new train, as we call it, excitement about a new service" stated Mr. Carol.

Mr. Carol went on to add that If you compare Texas High Speed Rail where Southwest Airlines basically opposed it very strongly and helped undermine it, on the northeast corridor there has been virtually no opposition from the airlines, and that is because they would like to free up slots so they don't have to go from New York to Boston but they're going to go from New York to California, and that's really a very critical benefit for us. So people are looking at the rail line and high speed rail as a benefit. Even those that don't use it -- and I think it's an important selling point -- those that won't take the train still may have an easier time getting an airplane or getting on a highway if other people are using a train, and that's been an important sales point for us.

In terms of program cost, it's about a \$2.2 billion program. Most importantly, electrification is ending up about \$1.2 million per track mile. That's a little bit high. It should be closer to about \$800,000 to a million, but they've had a lot of clearance issues. The trains and locomotives and facilities about \$800 million. Again all of that is financed. And there is financing generally available for that type of program, and that's been very critical for them since they have limited capital dollars to outlay.

Chairman Jordan asked if they could use double-deckers? Mr. Carol responded that double-decker trains would not be feasible as a result of clearance problems with existing overcrossings.

Vice-Chairman Graveline asked about the timeline of the project? Mr. Carol responded that they plan on introducing electrification service the fall of '99. The trainsets begin arriving in the fall of '99. So by the summer of 2000 they will be up and running with the full system. They will probably be a few minutes shy of three-hour service in the north end at that point, but essentially the program is a go for the end of '99 into the summer of 2000.

Member Tennenbaum inquired as to whether they had tried to value their right-of-way and if they a sense of replacement cost? He asked, "If you had to do it today what would it cost to acquire the right-of-way?" Mr. Carol replied that they have valued the asset itself at about two and a half billion dollars. In terms of replacement value, he believed it virtually impossible given the congestion of the northeast, the ability to find a new right of way. The \$2.5 billion is actually the physical assets on the rail line. Although they haven't attempted to calculate it the value of the land itself, it is invaluable in a sense, "how do you replace a rail line going from Washington to Boston through New York City?"

Member Epstein asked if the tracks are being used for freight also? Mr. Carol stated that freight, commuter and high speed operation are operating on the same line. Member Epstein inquired if the same track can take the weight of the freight? Is it heavy freight, is it medium freight? Mr. Carol replied "It's heavy freight and it's getting heavier." What that means it increases your maintenance costs. It does generate revenue, so there's a balance. And as long as the freight railroad is picking up the cost of that increased maintenance, it can work. He thought they will end up with a policy, if they have not already, that above 150 miles an hour you need a dedicated rail line. There are different parts of the railroad and different operating scenarios. South of New York they do have a lot of freight. There is a separate freight track for most of the freight, although it does go onto the main line periodically. They have encouraged most freight operations to operate at night when there's minimal passenger service, and they've done that basically by imposing a 30 mile an hour speed limit. They try to keep it off the main line.

One of the members asked if the MetroLiner now profitable? Mr. Carol replied that the MetroLiner covers its operating costs, I think we will always increasingly be able to cover operating costs and be generating significant profit. And we believe the most important benefit out of their program is to demonstrate to America that high speed rail can be profitable, at least it can cover its operating costs rather significantly, in that if it's got the right trip time and attributes people will ride it. He said this will be a great success not only for us but for high speed rail elsewhere.

HIGH SPEED RAIL RIDERSHIP AND REVENUE FORECASTING IN CALIFORNIA PRESENTATION

BY DANIEL BRAND, CHARLES RIVER ASSOCIATES

Daniel Brand reported on the work done for the past Commission. CRA developed a HSR ridership forecasting model. The model forecasts total trips for each existing mode, diversion of trips to HSR and new travel induced by the introduction of HSR. He concluded that the ridership work was very comprehensive and the forecasting tool is valuable, flexible and credible. Mr. Brand's presentation material is available upon request.

HIGH SPEED RAIL CORRIDOR EVALUATION & ENVIRONMENTAL CONSTRAINTS ANALYSIS PRESENTATION

BY PAUL TAYLOR, KAKU ASSOCIATES AND KIP FIELD, PARSONS BRINKERHOFF

Mr. Taylor and Mr. Field reported on the corridor evaluation and the environmental constraints analysis.

Mr. Field discussed the corridor alignments and the issues that needed consideration when developing the corridors. Mr. Taylor and Mr. Field's presentation material is available upon request.

INFORMATION FROM ECONOMIC IMPACT CONSULTANT

BILL LEE, ERA

Mr. Lee reported that they found that the base system by itself, that is just the L.A.-San Francisco system, had basically about equal cost to benefit ratio, it was about a cost/benefit ratio of one. But when you added Sacramento, San Diego, San Jose, the benefit/cost ratio changed substantially, they got a lot more benefit for less cost and the ratio climbed to slightly over 1.3. The major benefits in early years are due to construction of the system. Many hundreds of thousands, three, four, five hundred thousand person-years of construction work, maybe 70,000 construction jobs a year at the peak of the system.

He stated in order to build the system, California needs to pass some type of tax measure, looking at the tax measure in isolation, whether it be a fuel tax or sales tax, without considering what you do with the tax, has a dampening effect on the California economy that largely offsets construction impacts.

"Now, what does it take to get the system built?" Mr. Lee stated it will take more technical work, but it really takes us winning a major ballot campaign. Without the approved vote by the voters of California, HSR will not be able to move forward. He added that in order to win that ballot campaign, you need private funding in support of the campaign, "I have been talking to a friend of mine who is a campaign attorney in Sacramento, and he suggests the formation of a non-profit corporation, and either all of you or some of you can serve on the board of that corporation." It should be the charge of that corporation to raise private monies which could be used to adequately support one side of that ballot measure. Mr. Lee estimated that somewhere around \$2 to \$5 million as the is needed to properly mount the kind of campaign to carry the voters in California. Where they could help is that they can begin to target more closely the beneficiaries of high speed rail so the private sector can target them with this fundraising campaign by the non-profit corporation. He went on to discuss the many sectors of the California population that would benefit most from HSR.

Mr. Lee was asked many questions by the Authority members including: Member Florez asked about the methodology Mr. Lee used in determining that HSR travel through the Central Valley had an overall lowering of the housing component throughout California. Mr. Lee stated that they looked at average housing costs in California. Then they looked at the high speed rail impact on migration into the Central Valley and considered that, through the "Remi Model", which is a forecasting simulation model, they found just a slight difference, but that slight difference when played through the model, shows up over time and it builds gradually over time. Mr. Lee was also asked if they weighed the economic impacts of farmland preservation? Mr. Lee stated they did consider that issue, and were sensitive to the issue.

INPUT FROM FINANCING PLAN CONSULTANT

KEETHE CURRY, PFM

Mr. Curry stated that the focus of the financial plan was that it needed to be credible. They wanted the plan to be equitable, this is a program of statewide significance and they believe that on a statewide basis, that the cost of that should be shared equitably among all parties. They believe that the financial plan should reflect a public/private partnership. The fourth principle is that it should reflect a state and local partnership. They believe the finance plan should be innovative and that it should represent the best financial technology available to HSRA and through the financial markets.

For the benefit of the new authority members, Mr. Curry told them that the question "Can they build this

privately?” was considered with great care, “And let me assure you that it cannot be built privately. Let me share with you if I could, relative to the financing of the project that I would suggest should be on your agenda going forward through this upcoming year. The first issue is what should be the base funding source. And of course, this is a question we want to consider in close conjunction with your public outreach consultants. We’ve offered two of them, a gas tax increase or a statewide sales tax increase. Relative to federal funds as you heard from the FRA yesterday, they like the project, but the categorical programs for funding that are available are not funded to any kind of sufficiency.” He went on to add that the federal loan guarantees have some positive benefit to the project in terms of some cost deductions capital, but will not significantly provide new money to this project, nor mitigate the need to implement the revenue that they’ve recommended.

They have \$225 million of assumed local contribution to the project. That is a number that represents about half of the cost to construct the stations. Consistent with the principle of having local participation in the project, he suggested that during the course of this year, a legal structure working with our legal representatives for evidencing local financing and that someone will need to be cast to begin the negotiations if these stations are going to be located, bring in and confirm those contributions.

There was a lot of discussion about the potential for add-ons to the project, to the extent that they will want to model the impact of those on the financial plan to assure that we can, in fact, pay for them, that we can honor those commitments, and that they work in conjunction with the overall plan of finance. Mr. Curry concluded that “the use of project revenues, that this is a system which will generate positive revenues when it’s operating. We have moved in the finance plan to immediately capture those, to leverage those. There is no delay, in moving right on to Sacramento and right on to San Diego, leveraging the operating resources once an initial segment is operating to fund that.”

PRESENTATIONS FROM TECHNOLOGY REPRESENTATIVES

TGV:GEC ALSTHOM/BOMBARDIER

The representatives from GEC Alsthom and Bombardier presented information on the TGV technology currently in service in Europe. In addition TGV will be working with FOX. The presentation materials are available upon request.

TRANSRAPID/SIEMENS

The representative from Transrapid and Siemens presented information on the Maglev system. In addition representative discussed plans to build a Transrapid system in Germany connecting Berlin and Hamburg. The presentation materials are available upon request.

PRESENTATION BY ATTORNEY GENERAL'S OFFICE

LARRY KEETHE, SUPERVISING DEPUTY ATTORNEY GENERAL

Chairman Jordan read the following letter from the Office of the Attorney General:

"This is to confirm advice orally provided to you at the recent meeting with Deputy of this office regarding legal services for the High Speed Rail Authority. As a state agency, under Public Utilities Code section 195020, the Authority is a client of the Office of the Attorney General by virtue of Government Code sections 11042 and 11043. Unless specifically exempted from the application of these sections by the other statutory provisions, the consent of this office is required prior to employment of counsel other than the Attorney General. When a need for counsel other than the

Attorney General is identified, for example, for reasons of expertise, avoidance of representational conflict, or proceedings in an out-of-state forum requiring local counsel, this office's consent to the appointment of other counsel for the purpose specified is predicated by the need that is demonstrated. Deputy Attorney General George Spanos of this office is assigned to address legal issues regarding the Authority's program and to serve as the Authority's primary contact with this office."

Mr. Keethe, Supervising Deputy Attorney General stated that he is the supervisor of the business and tax section in the Sacramento office and George Spanos works for him. Mr. Keethe designated Mr. Spanos as the person to serve the Authority. Mr. Keethe went on to state that he knows the kinds of issues that come up, and so does Mr. Spanos, and a lot of them are pretty difficult issues. They (Mr. Keethe and Mr. Spanos) are always available by telephone almost 24 hours a day for assistance. It would be for members of the Authority and for staff.

Mr. Keethe stated that the Authority will need to hire outside legal assistance. He said "our office does a lot of things, but we don't do everything. And, of course, we don't run a railroad. So there are certain things, for instance, securities. Our office does not deal with securities. So a request from this body to our office to hire outside counsel for those kinds of issues would, I think, be granted. Several of our clients are requesting permission to hire out-of-state counsel or in-state counsel for numerous purposes all the time. And probably the most knowledgeable person in the entire state on the subject is Quentin Kopp.

The kinds of things, though, that we would be prepared to help you with on a daily basis would be such things as public meeting laws, public record at request, and issues. It comes up all the time, because you're a public agency and most of what you do is open to the public, including what you write down. If it's not written down, the public can't access it. Conflict of interest laws, and issues dealing with environmental questions. Of course, we don't do environmental impact reports, so that is something that would have to be contracted. And the Authority has very general vast powers to contract out, but not for legal services. So be creative." He stated the Authority will need to file a disclosure statement and adopt a conflict of interest code. He thought the High-Speed Rail Commission's code could be modified to meet the needs of the Authority. The Attorney General's office can also help with personnel matters, and will represent the Authority in all litigation, however if the litigation is very specialized, either brought by the Authority or against the Authority, we may have to go outside of our office.

There had been some discussion regarding the Open Meeting Laws. Mr. Keethe stated that under the Bagley-Keene Act, which the Authority falls under, the Authority is restricted to only two members serving on a committee. Mr. Keethe went on to add that it is very difficult for a body this large to deal in two-member committees, but they don't have a choice. If we want to change this Act we would have to go to the Legislature to get that changed, and that would be quite difficult. All of their business, and all state agencies, all the ones that Attorney General's Office represent, all the business is to be done in a public forum. Under Bagley-Keene, there's basically one exception to this rule, and it's the pending litigation for the exemption. Basically, litigation is the only way to get into closed session, with some rare exceptions, one of which could be for a personnel issue. If the Authority we are going to be selecting staff, they can do it in a two-member committee, not pick the staff, but interview and go through the process of screening, a two-member committee with help of whatever staff is available. And then the full Authority would then, or the Chairman in some cases, would be contact person. All committees, subcommittees, advisory committees must be two or less members on one committee. They, then, are not under the law to make decisions. What the members do is make recommendations to the entire Authority. So the decision making is done entirely by the nine members of the Authority, and not a subcommittee. This does slow the Authority down some. It can be a telephonic meeting, however every location the telephone conversation

must be open to the public. Currently, that is the view of the Attorney General's Office.

**PRESENTATION BY CALIFORNIA HIGH-SPEED RAIL COMMISSION'S LEGAL COUNCIL
GEOFFREY S. YAREMA, NOSSMAN, GUTHNER, KNOX & ASSOCIATES**

Mr. Yarema reported on past work for the Commission. He highlighted the recommendations made to the Commission and discussed the legal and institutional issues facing the Authority. Mr. Yarema's presentation materials are available upon request.

OTHER AUTHORITY BUSINESS

Discussion and Decisions on Public Outreach for Fiscal Year 1997-98

At this time, the Authority moved on to discuss the question of a contract on the Public Outreach program. Chairman Jordan suggested that two Authority members with staff assistance prepare a draft RFP. Chairman Jordan recommended Member Epstein and Member Florez as a two person committee to draft the draft RFP, he also suggested that John Barna from Business, Transportation and Housing Agency, having vast experience in this area, be invited to participate in the preparation of the draft RFP. Both Member Epstein and member Florez accepted the task. A discussion followed regarding the schedule for putting first a draft then a final RFP. It was determined that the draft would be completed within 10 days and that the timeline for the entire process would also be developed. It was concluded that the consultant should be brought on by the end of April.

DISCUSSION ON EUROPE FIELD TRIP, SPRING '98

Chairman Jordan requested the staff to coordinate with all the members to determine what kind of dates would be available for the spring or the fall and what possibilities we can put together to make it work so a decision can be made. In addition Chairman Jordan suggested the travel program be professionally organized, so the members could maximize their time. The Authority voted on and unanimously approved on the travel plans being professional organized.

DISCUSSION ON ADDITIONAL TECHNICAL STUDIES

In regards to the hiring of consultants for technical studies the Chairman recommended waiting for 30 days until they receive the draft of Cambridge Systematics recommendations. Chairman Jordan requested the Interim Executive Director to look into the process for contracting for the technical studies.

Seeing though there were no comments the meeting was adjourned.